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FEDERAL ELECTION COMMISSION

999 E Street, N.W.

Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

MUR: 5548

DATE COMPLAINT FILED: 9/29/04

DATE OF NOTIFICATION: 10/5/04

LAST RESPONSE RECEIVED: 11/24/04

DATE ACTIVATED: 7/6/05

EXPIRATION OF SOL: 4/12/09

COMPLAINANT: Jerry H. Goldfeder

RESPONDENTS: The Committee on Arrangements for the 2004 Republican National Convention and Mike Retzer, in his official capacity as treasurer
Republican National Committee and Mike Retzer, in his official capacity as treasurer

RELEVANT STATUTES
AND REGULATIONS:

2 U.S.C. § 431(8)(A)
2 U.S.C. § 434(b)
2 U.S.C. § 441a(a)(1)(A) and (B)
2 U.S.C. § 441a(f)
2 U.S.C. § 441b(a)
11 C.F.R. § 100.52(d)(1)
11 C.F.R. § 100.53

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

I. INTRODUCTION

The 2004 Republican National Convention included exclusive social events for the party's top donors and fundraisers. The company hired to arrange certain of these events charged attendees activity fees to cover their cost. At issue here is whether these activity fees were contributions to the Republican National Committee and the Committee on Arrangements

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1 for the 2004 Republican National Convention.¹ The complaint argues that these events were the
2 functional equivalent of fundraising events, but fails to allege that the events raised any
3 contributions or otherwise went beyond customary social activities taking place at the national
4 conventions. Therefore, we recommend the Commission find no reason to believe that the
5 Republican National Committee ("RNC") or the Committee on Arrangements for the 2004
6 Republican National Convention ("CARNC") violated the Act and close the file.

7 II. FACTUAL AND LEGAL ANALYSIS

8 A. Background

9
10 Top donors and fundraisers of the RNC and Bush-Cheney '04 who planned to attend the
11 Convention were required to purchase an event package for a series of exclusive parties and
12 social activities, including cocktail receptions, luncheons and dinners, hospitality suites (e.g. at
13 Madison Square Garden), and concerts. *See*
14 web.archive.org/web/20040615050559/www.logicomonline.com.html (last accessed July 7,
15 2005). Similar convention activities had taken place in prior election cycles, with most of the
16 costs borne by the RNC's soft money accounts.² However, with the elimination of soft money,
17 in 2004, the Party passed on all of the costs associated with these Convention events to the
18 attendees. *See* Glenn Justice, *Party Fundraisers Find They Must Pay to Play*, INTERNATIONAL

¹ On June 2, 2003, the Republican National Committee informed the Commission that it had established CARNC to conduct the day-to-day arrangements and operations of the presidential nominating convention. 11 C.F.R. § 9008.3(a)(2). The national party committee applied for and received public financing for the 2004 convention. 11 C.F.R. §§ 9008.3(a)(1) and 9008.3(a)(4).

² News reports indicate that in 2000, the highest fee paid by the top donors and fundraisers attending that Presidential nominating convention was \$1,750. *See* Glenn Justice, *Party Fundraisers Find They Must Pay to Play*, INTERNATIONAL HERALD TRIBUNE, August 9, 2004; *see also* Mario F. Cattabiani, *Corporations Dig Deep to Fete the GOP's Elite*, THE PHILADELPHIA INQUIRER, Sept. 1, 2004.

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1 HERALD TRIBUNE, August 9, 2004 (hereinafter August 9, 2004 INTERNATIONAL HERALD
2 TRIBUNE article).

3 Eligibility to participate in the 2004 events depended on membership in the various RNC
4 and Bush-Cheney '04 fundraiser groups (i.e. groups recognizing individuals' fundraising
5 success).³ Different event packages were offered depending on the fundraiser group and these
6 different packages dictated the amount of the convention fees charged. For example, "Rangers"
7 paid a \$4,500 fee, "Pioneers" paid a \$4,000 fee and "Mavericks" paid a \$3,650 fee while less
8 prolific fundraisers were offered less expensive event packages. See August 9, 2004
9 INTERNATIONAL HERALD TRIBUNE article. The fees included attendance at and transportation to
10 the events, but did not include expenses beyond those events, such as travel to and from New
11 York City, transportation to and from the airport/train station, and hotel accommodations. See
12 http://www.logicom.com/GOP_welcome.html (last accessed July 7, 2005).

13 The company hired to arrange these events was LogiCom Project Management
14 ("LogiCom").⁴ Party officials apparently hired LogiCom to run the events and collect the
15 activity fees out of a concern that the event fees might be considered a contribution if collected
16 by the national committee. Mario F. Cattabiani, *Corporations Dig Deep to Fete the GOP's Elite*,

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³ Bush-Cheney '04 groups included "Rangers" who raised \$200,000, "Pioneers" who raised \$100,000, and "Mavericks," who were under the age of 40 and raised at least \$50,000. See August 9, 2004 INTERNATIONAL HERALD TRIBUNE article. The RNC website's 2004 donor subpage lists various donor groups such as "Sustaining Members," "Presidential Victory Team," the "President's Club," the "Chairman's Advisory Board," and the "Republican Eagles" See <http://web.archive.org/web/20040616045425/www.gop.com> (last accessed July 7, 2005).

⁴ Steven M. Robinson founded LogiCom in 1987 for the purpose of assisting political organizations, corporations and associations in the production and management of events. LogiCom provided event services for the 2000 Republican National Convention as well as the 2001 and 2005 Inaugurations. See <http://www.logicomonline.com> (last accessed December 21, 2005).

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1 The Philadelphia Inquirer, Sept. 1, 2004; August 9, 2004 INTERNATIONAL HERALD TRIBUNE
2 article. Logicom identified itself on its GOP Conference Registration website as "the Official
3 and Exclusive provider of Event Services to the members of the Republican National Finance
4 Committee at the Republican National Convention in New York City."⁵ See
5 http://www.logicom.com/GOP_welcome.html (last accessed July 7, 2005). Logicom thus
6 marketed "donor packages" that, as noted above, corresponded to the individual's fundraiser
7 group.⁶ *Id.*; see also August 9, 2004 INTERNATIONAL HERALD TRIBUNE article.

8 **B. The Events Managed by LogiCom Were Not Fundraising Events and the**
9 **Convention Fees Paid to LogiCom Were Not Contributions**

10 According to the complaint, these social activities were the functional equivalent of
11 fundraising events and the fees that the donors and fundraisers paid to attend them were
12 excessive and prohibited contributions to respondents in violation of the Federal Campaign Act
13 of 1971, as amended ("the Act").⁷ Respondents counter that LogiCom organized, marketed and
14 provided these activities directly to interested individuals, that the events were not fundraisers
15

⁵ The Republican National Finance Committee is not registered and does not file reports with the FEC, nor is it listed by the RNC as an affiliated committee. Based on the available information, it appears to be an unofficial honorary membership group made up of top RNC donors and fundraisers.

⁶ The LogiCom homepage contained links to "group pages" for Regents & Rangers, Team 100 & Pioneers, Eagles & Mavericks, Majority Fund, the Chairman's Advisory Board and the President's Club, with registration and event information specific to the particular donor group. Public sources do not explain how LogiCom came to provide these Convention services or how potential registrants were referred to LogiCom. Based on the available information, it appears that registrants made their checks out directly to LogiCom.

According to the Audit Division, there were no transactions between the CARNC or the Host Committee and LogiCom or Robinson, LogiCom's founder. The RNC's April and May 2004 Monthly disclosure reports indicate that the RNC made disbursements totaling \$26,500 to LogiCom for "entertainment." We do not know whether these disbursements relate to the services LogiCom later provided during the 2004 Convention.

⁷ A contribution includes a gift of money or anything of value made by a person for the purpose of influencing a federal election. 2 U.S.C. § 431(8)(A). Individuals may contribute \$25,000 per calendar year to national party committees, 2 U.S.C. § 441a(a)(1)(B), and may not make contributions exceeding \$57,500 per election cycle. 2 U.S.C. § 441a(a)(3)(B). Further, a political committee may not knowingly accept a contribution in violation of the provisions of the Act. 2 U.S.C. § 441a(f).

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1 and that any activity fees paid to that company were not contributions and were not reportable to
2 the Commission.

3 If the Logicom-managed social events at the 2004 Convention served as fundraising
4 vehicles for the RNC and CARNC, then the activity fees paid to LogiCom would be considered
5 contributions to those party committees. 11 C.F.R. § 100.53 (entire amount paid to attend a
6 fundraiser or other political event for a political committee is a contribution); *see also* AO
7 1990-1 (the total amount callers paid to an automated telephone solicitation program for a
8 political committee is a contribution to the campaign, not just the net proceeds).⁸ But there is
9 nothing supporting complainant's allegations that those events, paid for by attendees'
10 Convention fees, were fundraisers. In fact, beyond the conclusory assertion that those social
11 events were an incentive for "maxed out" top party donors and fundraisers to give even more to
12 the RNC and Bush-Cheney '04, Inc., the complaint presents no information demonstrating either
13 that contributions were raised for the RNC and/or CARNC or that the events went beyond
14 customary social activities taking place at the national conventions.⁹

15 In conclusion, the complaint's unsubstantiated allegations when weighed against the
16 response cannot support a reason to believe finding. Accordingly, this Office recommends that
17 the Commission find no reason to believe that the Republican National Committee and the

⁸ If the Commission determines that these fees are contributions and that the RNC accepted contributions to defray Convention expenses which, when added to the amount of payments received, exceeded the national party's expenditure limit, the national committee would be required to make a repayment to the U.S. Treasury of the amount of the excessive contributions. 11 C.F.R. § 9008.12(b)(3).

⁹ The Commission has determined that mere temporal and geographic proximity to Presidential nominating conventions do not make private hospitality events held during conventions subject to the Act. *See* Final Rule, Public Financing of Presidential Candidates and Nominating Conventions, 68 Fed Reg. 47386, 47405 (Aug. 8, 2003)

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Committee on Arrangements for the 2004 Republican National Convention violated the Act or
Commission Regulations and close the file.

III. RECOMMENDATIONS

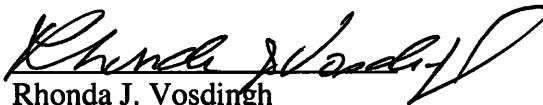
1. Find no reason to believe that the Committee on Arrangements for the 2004 Republican National Convention and Mike Retzer, in his official capacity as treasurer, violated the Act.
2. Find no reason to believe that the Republican National Committee and Mike Retzer, in his official capacity as treasurer, violated the Act.
3. Approve the appropriate letters.
4. Close the File.


Lawrence H. Norton
General Counsel


Date

1/3/06

BY:


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